

## **Minutes of the Financial Stability Oversight Board Meeting March 30, 2016**

A meeting of the Financial Stability Oversight Board (“Board”) was held at 3:00 p.m. (EDT) on Wednesday, March 30, 2016, at the offices of the Department of Treasury (“Treasury”).

### **MEMBER REPRESENTATIVES PARTICIPATING:**

Mr. Wilcox, Division Director, Federal Reserve Board (Chairperson)

Mr. Green, Senior Advisor, Office of Policy Development and Research, Department of Housing and Urban Development

Ms. Moore, Special Advisor, Federal Housing Finance Agency

### **STAFF PARTICIPATING:**

Mr. Treacy, Executive Director

### **AGENCY OFFICIALS PARTICIPATING:**

Mr. McArdle, Deputy Assistant Secretary, Office of Financial Stability, Department of the Treasury

Mr. Montano, Chief Investment Officer, Office of Financial Stability, Department of the Treasury

Mr. Roberts, Financial Analyst, Office of Financial Stability, Department of the Treasury

Ms. Johnson-Kutch, Acting Chief, Homeownership Preservation Office, Office of Financial Stability, Department of the Treasury

Mr. Doerner, Senior Economist, Federal Housing Finance Agency

Ms. Nolan, Supervisory Financial Analyst, Federal Reserve Board

The meeting was called to order by Mr. Wilcox at approximately 3:05 p.m. (EDT).

The Representatives then considered draft minutes for the meeting of the Board on February 25, 2016, which had been circulated in advance of the meeting. Upon a motion duly made and seconded, the Representatives voted to approve the minutes of the meeting, subject to such technical revisions as may be received from the Representatives.

Treasury officials then provided an update on the programs established by Treasury under the Troubled Asset Relief Program (“TARP”). Discussion during the meeting focused on the Capital Purchase Program (“CPP”); the Community Development Capital Initiative (“CDCI”); and the Making Home Affordable (“MHA”) and Hardest Hit Fund (“HHF”) initiatives. Among the materials distributed in advance of the meeting was the latest monthly report issued by Treasury under Section 105(a) of the Emergency Economic Stabilization Act (“105(a) report”), which contains information concerning the programs established by Treasury under TARP and aggregate information regarding the allocated and disbursed amounts under TARP.

Throughout the meeting, Representatives raised and discussed various matters on behalf of the Members with respect to the effects of the policies and programs established under TARP.

Using prepared materials, Treasury officials provided Representatives with a report on recent developments in the TARP program. As of February 29, Treasury had disbursed a total of approximately \$431.3 billion, including \$411.7 billion under TARP investment programs and \$19.6 billion under TARP housing-related programs to assist at-risk homeowners and stabilize housing markets. Total receipts on all TARP investment programs were \$442.0 billion, including the proceeds of non-TARP common shares in American International Group (“AIG”). Treasury’s remaining investment in TARP programs was about \$700 million, all associated with CPP and CDCI.

Treasury officials then provided the Representatives with an update on recent developments in the CPP. US Metro Bank repurchased in full its outstanding CPP investment, with total proceeds (including warrant repurchase) of about \$3 million. As of the meeting date, Treasury’s remaining aggregate CPP investment was about \$254 million in 15 institutions, of which approximately \$125 million was its common stock holding in First BanCorp (“FBP”).

Treasury officials then briefly discussed the CDCI program, noting that some 57 institutions remained in the program with a total investment of approximately \$427 million.

Officials also reported that First Eagle Bancshares, Inc. had exited the CDCI program since the last Oversight Board meeting. Officials further noted that Pyramid Federal Credit Union and Security Capital Corporation had made partial redemptions.

Treasury officials then provided an update on the TARP housing initiatives, including the MHA’s Home Affordable Modification Program (“HAMP”). Using prepared materials, Treasury officials reported on the number of homeowner assistance actions that had been provided to at-risk borrowers since MHA’s inception, including the continuing inflow of new HAMP permanent modifications and other borrower assistance actions. Officials noted that nearly 7,600 new permanent HAMP modifications were initiated in January 2016. As of January 2016, there were nearly 979,000 active permanent HAMP modifications in place. Officials also reported that through January 2016, homeowners with HAMP modifications who had experienced one or more interest rate step-ups did not appear to experience a notable change in performance.

Treasury officials then updated the Board on the status of the allocation process for the \$2 billion in new HHF funds. They also discussed recent changes to, and funding disbursed by, HHF programs in the 19 eligible jurisdictions. Officials briefly noted there were at no program changes in February.

Since the inception of HHF, the participating housing finance agencies have disbursed approximately \$4.9 billion under the program, out of a total committed amount of \$9.6 billion (which includes the newly authorized \$2 billion). Officials then noted that some 265,000 borrowers had been assisted since the beginning of the program.

Officials from the Federal Housing Finance Agency (“FHFA”) then briefed members on developments in the housing and housing finance markets. The information reviewed included data related to mortgage rates and Treasury yields, housing price indices and sales, and refinancing activities. During this discussion, FHFA officials also presented data related to delinquencies, foreclosure prevention actions undertaken by the two mortgage government-sponsored enterprises (GSEs), and re-default experience on GSE-modified mortgages.

Staff of the Oversight Board then provided members with an update regarding the Oversight Board’s quarterly report to Congress for the period ending December 31, 2015.

The meeting was adjourned at approximately 3:35 p.m. (EDT).

[signed electronically]

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William F. Treacy,  
Executive Director